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Message Text

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44
ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /090 W
---------- 068587
R 071726Z MAY 75
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 9974
INFO AMEMBASSY CARACAS
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR

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E.O. 11652: N/A
TAGS: EFIN, HO
SUBJECT: VENEZUELAN OIL SCHEME

REF: STATE 094362; SAN SALVADOR 1338

1.ECONOMIC OFFICER DISCUSSED REFTEL QUESTIONS WITH
GUILLERMO BUESO, PRESIDENT, CENTRAL BANK. CONCERNING FIRST REF
PARA 4.A., HONDURAS UTILIZED VENEZUELAN FUND IN THE
AMOUNT OF $5 MILLION DURING 1974. IN 1975 HONDURAS HAS
UTILIZED $5 MILLION IN THE FIRST QUARTER AND EXPECTS TO
UTILIZE A TOTAL OF $20 MILLION DURING THE YEAR PLUS
$5 MILLION VIA THE U.N. EMERGENCY FUND. HONDURAS
ANTICIPATES (QUESION B) THE UTILIZATION OF APPROXIMATELY
$70 MILLION DURINGHNHE SIX YEAR VENEZUELAN PROGRAM. HONDURAS
ANTICIPATES USING $52 OR $53 MILLION OF THIS TOTAL DURING
THE FIRST THREE YEARS OF THE PROGRAM.
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2. CONCERNING QUESTION C, BUESO MAKES FOUR POINTS. HONDURAS
HAS FINANCED ITS BALANCE OF PAYMENTS DEFICIT FOR 1975 AND THEREFORE
IS PROBABLY NOT ELIGIBLE UNDER THE CRITERIA OF THE IMF FOR

ADDITIONAL FUNDS THROUGH THE IMF OIL FACILITY. SECONDLY,

IT IS PROBABLE THAT THE IMF STAFF WOULD SAY "NO" TO A
HONDURAN REQUEST FOR FINANCING. THIRD, THE CONDITIONS
OF THE LOAN WOULD BE SIMILAR TO A FIRST CREDIT TRANCHE

DRAWING (THIS SEEMS TO BE A COMMENT RATHER THAN A PROBLEM,
SINCE BUESO STATED THAT COMPLIANCE WOULD PRESENT NO PROBLEM).
FINALLY, THE IMF PROPOSALS ARE STILL FLUID. APPARENTLY,
ACCORDING TO BUESO, THE IMF WAS PROPOSING A REBATE FROM
SPECIAL FUNDS WHICH WOULD EFFECTIVELY GREATLY LOWER THE
IMF INTEREST RATES. HOWEVER, IMF IS APPARENTLY NOT CATEGORIC
IN HOW THESE FUNDS CAN BE OBTAINED. WITH THE ABOVE FOUR
POINTS AS BACKGROUND, BUESO CONSIDERS THAT THERE IS A
POTENTIAL IN HONDURAS FOR UTILIZATION OF $25 MILLION OF
IMF OIL FACILITY FUNDS.
SANCHEZ

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